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Financing of the United Nations Peacekeeping Forces in the Middle East: United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The United Nations Interim Force in Lebanon (UNIFIL) was established for an initial period of six months by the Security Council in its resolution 425 (1978) of 19 March 1978 for operations in southern Lebanon. The mandate has subsequently been extended by the Security Council in its various resolutions, the latest of which was resolution 1151 (1998) of 30 January 1998, which extended the mandate of UNIFIL to 31 July 1998.

2. Resources made available to UNIFIL from its inception to 30 June 1998 amount to $2,882.0 million gross, and estimated expenditures amount to $2,865.3 million gross for the same period. Credits returned to Member States amount to $16.1 million (A/52/806, para. 11). The Advisory Committee on Administrative and Budgetary Questions informed that, from the period of inception to 28 February 1998, $2,818.9 million had been assessed on Member States in respect of UNIFIL. As at 28 February 1998, contributions received totalled $2,648.9 million, leaving a balance of outstanding assessments of $170.0 million, and cash balances amounted to $77.3 million.

3. As in the case with the United Nations Disengagement Observer Force (UNDOF), the Advisory Committee was informed that full reimbursement for troop costs had been made to troop-contributing Governments to 31 May 1997. It is estimated that $40.4 million is due for troop costs for the period ending 31 January 1998 (see A/52/806, para. 16). As of the drafting of the present report, the Committee was informed that a further payment would be made in late March 1998 for the period from 1 June to 31 August 1997.

Financial performance for the period from 1 July 1996 to 30 June 1997

4. The report of the Secretary-General on the financing of UNIFIL for the period from 1 July 1996 to 30 June 1997 (A/52/804) shows that expenditures amounted to $126,744,400 gross ($123,504,400 net) against resources provided of $125,722,800 gross ($122,665,800 net), resulting in additional requirements of $1,021,600 gross ($838,600 net) (ibid., annex I). In the report, the Secretary-General proposed that, at its resumed fifty-second session, the General Assembly appropriate and assess the additional amount of $382,244 gross ($199,244 net) for the period from 1 July 1996 to 30 June 1997 (ibid., para. 12). The Advisory Committee recommends against this additional appropriation (see para. 14 below). The additional requirement of $639,356, which relates to the incident at Qana, will be treated in accordance with the terms of Assembly resolution 51/233 of 13 June 1997.

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5. In the same report, it is indicated that during the reporting period expenditures were higher than the estimates under civilian personnel costs, premises/accommodation, transport operations, air operations, communications and other equipment and for the prorated share of UNIFIL for the cost of maintaining the United Nations Logistics Base at Brindisi. These over-expenditures were partially offset by unutilized balances under military contingents, supplies and services, air and surface freight and staff assessment.

6. The Advisory Committee was informed that unliquidated obligations for the period from 1 July 1996 to 30 June 1997 had decreased from $61,950,300 (see A/52/804, annex I, column 6) to $13,692,590 as at 31 January 1998. Expenditures during the reporting period also included a total of $2,995,200 in respect of expenditures ending 30 June 1996 (A/52/804, table 1). As in the case of UNDOF, the Committee requested information regarding the period covered by those obligations. The Committee's comments on UNDOF, as indicated in paragraph 7 of its report A/52/860/Add.5, are equally applicable to the case of UNIFIL accounts. The Committee points out that the explanations regarding administrative delays are not satisfactory and the nature of the delays has not been explained. Consequently, the Committee is of the opinion that there is no need to authorize an additional appropriation and assessment of $382,244 gross ($199,244 net) for the period from 1 July 1996 to 30 June 1997.

7. With regard to the financing of the United Nations Logistics Base at Brindisi, the Advisory Committee notes from the performance report (A/52/804, para. 5, and annex II.B, paras. 7 and 24) that the share of the cost of the logistics base charged to UNIFIL during the reporting period, amounting to $436,300 under line 17, was funded from amounts provided under line 1 for emplacement, rotation and repatriation of troops ($290,900) and line 5 for purchase of vehicles ($145,400). The Committee sought clarification, as in the case of UNDOF, as to whether or not there was a double count of the share of the cost of the logistic base charged to UNIFIL. The Committee was informed that the share charged to UNIFIL, shown as $436,300 in annex I to the performance report, appears only under line 17, while the expenditures shown under lines 1 and 5 exclude the shares for the logistics base; the revised apportionments for lines 1 and 5 were inadvertently not reflected in annex I. The Committee requests that, in the future, the corresponding revised apportionments be shown in annex I.

8. Under civilian personnel costs, over-expenditures for local staff salaries and general temporary assistance amounted to $1,163,700 and $1,298,000 respectively. The Advisory Committee notes from paragraphs 13 and 15 of annex II.B to the report that the increase in requirements for local staff salaries was attributable to a 61.8 per cent increase in those salaries effective 1 March 1997 and the payment of a non-pensionable bonus equivalent to 5.56 months' salary, based on the previous salary scale applicable to Naqoura, Lebanon.

9. Upon enquiry, the Advisory Committee was informed that no local salary survey had been undertaken since 1992. The local salary survey leading to an increase of 61.8 per cent in salaries was carried out by the United Nations Development Programme in August 1996. As no comparator could be found in the area of operation, the Committee was informed that Beirut was used as the basis for collecting data but that all local mission staff were recruited from the area of operation and virtually none from Beirut. The Committee is aware that in some missions local salary surveys are carried out every year, while in others it is done less frequently. The Committee is concerned that the application of the current survey methodology is leading to inflated salaries in some locations as compared to what is paid in the local labour market. The Committee requests that the Secretariat review the application of the methodology and procedures used in the surveys so that such anomalies can be avoided; in particular, the review should address the issue of the criteria to be used in determining the location in which survey data are collected if there is no comparator in a given location.

10. With regard to the 5.56-month bonus for temporary and non-temporary staff (see A/52/804, annex II.B, tables 2 and 3), the Advisory Committee did not receive a satisfactory explanation as to the basis for treating temporary and non-temporary staff the same by paying temporary staff back pay, nor was the Committee informed as to what the contracts of the temporary staff specified.

11. In the performance report (A/52/804, annex II.B, para. 7), an unutilized balance of $2,075,00 is reported under emplacement, rotation and repatriation of troops, after deducting $290,900 for the financing of the United Nations Logistics Base at Brindisi (see para. 7 above). The Advisory Committee welcomes those savings, which are mainly attributable to more favourable rates obtained for the charter of commercial and government aircraft. The Committee notes that the budgeted amount of $7,577,000 was based on standard cost ratios for the emplacement and repatriation of troops. The Committee requests that, in the future, efforts be made to use the performance experience to estimate future costs in this and other lines of the budget.

12. With respect to vehicle insurance, it is indicated in the performance report (ibid., para. 28) that the additional requirement of $344,200 was due to an unexpected increase in worldwide third-party liability coverage of vehicles ($174,700) and to expenditures from the prior financial period ending 30 June 1996 ($169,500). The Advisory Committee notes, however, that in the case of UNDOF, the resources provided for the same reporting period were sufficient (A/52/771, annex II.B, para. 28). The Committee recalls that for the reporting period from 1 December to 30 June 1996, it was informed of measures taken to control the sharp increases in UNIFIL vehicle insurance premiums (A/51/684/Add.1, para. 28). The Committee requests that the Secretariat report on the status of actions taken to control the situation.

13. In the performance report (A/52/804, annex II.B, para. 29), it is mentioned that the additional amount of $171,400 was required for the transfer of funds to the reserve account for the third-party liability insurance of helicopters. Upon enquiry, the Advisory Committee was informed that UNIFIL was the only mission that had established that sort of self-insurance reserve fund. The reserve fund, which was established some 12 years ago, had reached a level of some $3 million. The Committee understands that up to the present time no payments have been effected from the reserve fund. The Committee believes that there is no need for the fund. It therefore recommends that the reserve fund be eliminated and the unencumbered balance be returned to Member States.

14. Taking into account its observations in the paragraphs above, particularly paragraph 13, the Advisory Committee recommends against the additional appropriation of $382,244 gross ($199,244 net) (see para. 4 above).

Proposed budget for the period from 1 July 1998 to 30 June 1999

15. The proposed budget of UNIFIL for the period from 1 July 1998 to 30 June 1999 amounts to $136,719,500 gross ($132,706,000 net). In paragraph 22 below, the Advisory Committee recommends an appropriation of $135,831,900 gross ($131,980,500 net). The budget provides for the maintenance of the Force at its authorized strength of 4,513 troops (3,518 infantry and 995 logistics personnel), supported by a civilian establishment of 528 posts (146 international and 382 local) (A/52/806, para. 18). The Committee was informed that some 69 per cent of the budgeted amount is based on standard ratios and costs contained in the Standard Ratios and Standard Cost Manual, while 31 per cent cover mission-specific requirements. In the future, the Committee requests that such information be included in the budget document, as is the case for other missions.

16. The budget reflects an increase of $14,553,000 gross ($14,675,000 net), or an 11.9 per cent increase on a gross basis (12.4 per cent on a net basis) over the resources approved for the period from 1 July 1997 to 30 June 1998, excluding the provision for the support account for peacekeeping operations ($4,708,300) (see A/52/806, annex I). The increased requirements relate mainly to the upward revision in local staff salaries by 61.8 per cent, effective 1 March 1997 (see para. 9 above) and the proposed establishment of 52 additional posts (1 P-5, 2 P-3 and 49 local posts), as well as the replacement of vehicles and communications and other equipment (A/52/806, paras. 19-21 and annex I).

17. The estimates for international and local posts amount to $26,782,000 for the proposed staffing requirements of 528 posts (146 international and 382 local). The Advisory Committee notes from the budget report (A/52/806, annex II.C, para. 14) that 11 posts reported to the Committee as vacant during its review of the UNIFIL budget estimates for the period from 1 July 1997 to 30 June 1998 (see A/51/684/Add.1, paras. 46 and 47) were actually encumbered by 87 individual contractors under special service agreements. The proposed budget includes these additional 11 local posts in support of core functions of the mission as well as the establishment of 38 additional local posts for service personnel, for a total of 49 posts, the functions of which are shown in annex V to the budget report. The Committee was also provided with additional justifications for those posts.

18. Upon enquiry, the Advisory Committee was informed that in fact all 49 local posts being requested were for personnel already on board who had been hired under special service agreements. The Committee points out that this situation shows that improper procedures are being followed. From the information provided, the Committee is not convinced that a case has been made to convert all these personnel to local posts. The Committee was informed that if 38 additional service personnel are hired as regular local staff, their estimated cost (salaries plus common staff costs) would be $1,320,800; however, if they are hired as contractual personnel, based on an average monthly salary of $950 per person, the total cost would be $433,200. The Committee recommends that of the 49 local posts being requested, 11 posts providing core support functions be established as regular local posts and 38 additional service personnel continue as short-term contractual personnel, with

a consequential reduction of $887,600 in the proposed appropriation (see para. 22 below).

19. The Advisory Committee further notes, from paragraph 25 of the budget report, that in UNIFIL, as well as in a number of other missions, no changes are proposed in the number of internationally recruited General Service staff. It is indicated that for operational reasons, the current number of authorized internationally recruited General Service posts must be maintained. The Committee requests that, in the future, these operational reasons be clearly spelled out in the document.

20. The Advisory Committee notes from paragraph 9 of the budget report and section II of the report of the Secretary-General to the Security Council on UNIFIL (S/1998/53) that some of the increases in the budget result from changes in the political situation in the area of operation of the mission. In order to perform its tasks more effectively, UNIFIL is now conducting more mobile patrols and setting up temporary checkpoints and observation posts. This accounts for the type of military vehicle requested in the estimate. For example, armoured personnel vehicles are proposed to be increased from 78 to 105 (A/52/806, annex II.A). Moreover, as indicated in the budget report (ibid., annex II.C, para. 57), the increase in requirements under uniform items, flags and decals from $372,000 in the prior period to $569,500 in the proposed budget includes safety measures and upgrades in body armour for military and civilian personnel.

21. As further indicated in the budget report, provisions for spare parts, repairs and maintenance are estimated at $4,918,900 based on actual expenditures incurred during the 1996-1997 financial period (ibid., annex I and annex II.C, para. 28). The Advisory Committee notes that based on the standard maintenance cost of $500 per vehicle per month, $6,498,000 would have been required for 1,083 vehicles. Similarly, the Committee was informed that the provision for emplacement, rotation and repatriation of troops ($5,400,000) takes into account the actual expenditures incurred during the 1996-1997 financial period, particularly the rates previously obtained for the charter of aircraft (see para. 11 above). The Committee welcomes this approach but notes that the procedure is not followed for all budget items.

22. In paragraph 27 of the budget document, the Secretary-General proposes that the General Assembly appropriate $136,719,500 gross ($132,706,000 net) for the period from 1 July 1998 to 30 June 1999, to be assessed at the monthly rate of $11,393,292 gross ($11,058,833 net). Taking into account the observations in paragraph 18 above, the Advisory Committee recommends that the General Assembly approve the appropriation and assessment of the amount of $135,831,900 gross ($131,980,500 net) for the operations of UNIFIL for the 12-month period beginning 1 July 1998, subject to the extension of the mandate of the Force by the Security Council.